



FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended

February 29, 1992

Commission File Number

33-7057-NY

NTN CANADA, INC.

(Exact name of registrant as specified in its charter)

NEW YORK(State or other jurisdiction of
incorporation or organization)11-2805051(I.R.S. Employer
Identification Number)5255 de Sorel StreetMontreal, Quebec

(Address of principal executive Offices)

H4P 1G8

(Zip Code)

(514) 739-7898

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

☒

No

The issuer has outstanding one class of common stock. As of the close of the period covered by this report, there were 3,402,400 common shares outstanding.

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

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Consolidated Balance Sheets as at February 29, 1992 and August 31, 1991.

Consolidated Statements of Operations and Income for the six month periods ended February 29, 1992 and 1991.

Consolidated Statements of Operations and Income for the three month periods ended February 29, 1992 and 1991.

Consolidated Statements of Cash Flows for the six month periods ended February 29, 1992 and 1991.

The financial information for the six month periods ended February 29, 1992 and 1991 and the three month periods ended February 29, 1992 and 1991 are unaudited, but in the opinion of management contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial information shown therein.

Reference is made to the Company's Form 10-K Annual Report for the fiscal year ended August 31, 1991 for additional Notes to Financial Statements.

NTN CANADA INC
Consolidated Balance Sheet
As of February 29, 1992
(Expressed in Canadian Dollars - Unaudited)

February 29 August 31
1992 1991

ASSETS:

Current Assets:

- Cash	156,833	261,599
- Accounts Receivable	528,268	468,177
- Notes Receivable	47,858	10,093
- Inventory	536,930	648,875
- Prepaid Expenses	44,854	54,772
- Short Term Investments	1,113,672	999,646
- Net Investment in Leases	32,982	38,477

<u>Total Current Assets:</u>	2,461,397	2,481,639
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Long Term Assets:

- Loans to Shareholders	58,701	-
- Long Term Investment	-	25,000
- Property & Equipment	97,251	101,152
- Net Investment in Leases	-	28,295
- License Fee	293,800	300,050
- Deferred Income Taxes	7,500	7,500
- Goodwill on Acquisition	248,557	255,759

<u>Total Long Term Assets:</u>	705,809	717,756
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<u>Total Assets:</u>	3,167,206	3,199,395
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LIABILITIES:

Current Liabilities:

- Bank Loan	997,557	1,101,141
- Accounts Payable & Accrued Liabilities	336,091	197,448
- Accrued Liabilities - Shareholder	-	77,906
- Commissions Payable - Trade	-	16,100
- Deferred Income	6,029	6,029
- Provision for Income Taxes	25,157	36,134

<u>Total Liabilities:</u>	1,364,834	1,434,758
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SHAREHOLDER'S EQUITY:

Share Capital:

- Preferred Stock	11,523	11,523
- Common Stock	43,933	43,933
- Capital in Excess of Par Value	1,625,363	1,625,363
- Surplus	121,553	83,818

<u>Total Share Capital:</u>	1,802,372	1,764,637
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<u>Total Liability & Share Capital:</u>	3,167,206	2,571,992
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NTN CANADA INC

Consolidated Statement of Operations and Income
Six (6) Month Period Ending Feb 29, 1992 and Feb 28, 1991
(Expressed in Canadian Dollars - unaudited)

	February 29, 1992	February 28, 1991
Total Revenues:	1,442,542	1,040,668
Direct Costs:	622,778	626,401
Gross Profit:	819,764	414,267
Selling, General & Administrative Expenses:	756,872	345,055
Income Before Income Taxes:	62,892	69,213
Provision for Income Taxes:	25,157	27,685
Net Income:	37,735	41,528
Earnings Per Common Share:	Nil	Nil

NTN CANADA INC

Consolidated Statement of Operations and Income
Three (3) Month Period Ended February 29, 1992 and February 28, 1991
(Expressed in Canadian Dollars - Unaudited)

	February 29, 1992	February 28, 1991
Total Revenues:	790,961	524,165
Direct Costs:	357,818	274,001
Gross Profits:	433,143	250,164
Selling, General & Administrative Expenses:	392,071	209,709
Income Before Income Taxes	41,072	40,455
Provision for Income Taxes	16,429	16,182
Net Income:	24,643	24,273
Earning Per Common Share:	Nil	Nil

NTN CANADA INC
Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	February 29, 1992	February 28, 1991
<u>Cash Flows From Operating Activities:</u>		
- Cash Received From Customers	1,284,970	1,006,621
- Cash Paid to Suppliers, Employees & Directors	(1,264,565)	(1,146,124)
Net Cash Flows (Used for) Provided by Operating Activities	20,405	139,503
<u>Cash Flows From Investment Activities:</u>		
- Purchases of Equipment	-	(17,453)
- Net Investment in Leases	21,432	20,332
Net Cash Flows (Used for) Provided by Investment Activities	21,432	2,879
<u>Cash Flows From Financing Activities:</u>		
- Proceeds from Sale of Securities	71,008	-
INCREASE/(DECREASE) IN CASH	112,845	(136,624)
Cash, Beginning of Year	160,104	274,823
Cash, End of Period	272,949	138,199
For the Purposes of this Statement, "Cash" Comprises:		
- Cash	156,833	1,016,033
- Term Deposits	1,113,672	-
- Bank Demand Loans	(997,557)	(877,834)
	272,949	138,199

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

The financial statements of the Company, as well as the information contained in this analysis, include the financial statements, and information concerning operations, with respect to its wholly owned subsidiary, Petrie Group Management, Inc. ("Petrie") which was acquired by the Company effective March 1, 1991, and Petrie's wholly owned subsidiary, NTN Creative Marketing, Inc. ("Creative").

The financial statements of the Company are expressed in Canadian Dollars. The information contained in this analysis is expressed in both Canadian and United States Dollars, the conversion ratio being US\$.85 to each Cn\$1.00.

Results of Operations

During the six months ended February 29, 1992, the Company's gross revenues increased Cn\$401,874 (US\$341,593) or 39% from the same period in 1991. The increase resulted in part from special corporate programs produced by Creative, as well as broadcast and maintenance services provided by the Company which are described below. Direct costs decreased Cn\$3,623 (US\$3,080), or 1% from the same period in 1991, reflecting the fact that revenues derived from the existing activities of Creative carry minimal, if any, direct costs. Gross profit increased Cn\$405,497 (US\$344,672), or 98% from the same period in 1991. Selling, general and administrative expenses increased Cn\$411,817 (US\$350,044), or 119% from the same period in 1991. There were

significant increases in salaries, employee benefits and rent resulting in part from the acquisition of Petrie and Creative. As a result, income before income taxes declined slightly from Cn\$69,213 (US\$58,831) to Cn\$62,892 (US\$53,458), and net income declined slightly from Cn\$41,578 (US\$35,341) to Cn\$37,735 (US\$32,075), from the same period in 1991. Earnings per share were nil for both periods.

During the three months ended February 29, 1992, the Company's gross revenue increased by Cn\$266,796 (US\$226,777), or 51%, from the same period in 1991, resulting from the additional operations of Creative, and continued broadcasting and maintenance services provided by the Company. Direct costs increased Cn\$83,817 (US\$71,244), or 31% from the same period in 1991. The increase was due in part to added costs of new services developed by Creative.

As a result, gross profit showed an increase of 73% from the same period in 1991, to Cn\$433,143 (US\$368,172). Selling, general and administrative expenses increased 87% from the same period in 1991, to Cn\$392,071 (US\$368,172), reflecting the increased overhead of the combined Company. During the three months ended February 29, 1992, income before income taxes remained essentially the same at Cn\$41,072 (US\$34,911), and Net Income remained essentially the same at Cn\$24,643 (US\$20,947), compared to the same period in 1991.

The Company expects that the signing of agreements to provide services to new corporate clients will result in expanded operations and increased revenues for the period in which the services are provided. The services are not utilized by corporate clients on a continuous basis but may be renewed periodically. New services utilizing interactive training have been developed for use by corporate clients and are presently being utilized by Mutual Life of Canada, Ontario Hydro and Hills Pet Products. In the field of product knowledge, new services have been developed for Goodyear and Porsche Automobiles. There can be no assurance that new revenues will result from such services on an ongoing basis or that such services will result in positive changes to net income.

Liquidity and Capital Resources

Working capital as of February 29, 1992 amounted to Cn\$1,096,563 (US\$932,079), as compared to Cn\$1,046,881 (US\$889,849) as of August 31, 1991. The Company believes that its working capital position is sufficient for its current needs.

The Company is dependent upon the continued existence of NTN Communications, Inc. ("Communications") for broadcast services and maintenance operations. In June, 1991, Communications recapitalized its debt in the amount of approximately US\$9,100,000 and raised new equity of approximately US\$9,200,000. The Company has been advised that within the last twelve months, Communications' net worth has changed from a negative position to a positive position.

Inflation

The rate of inflation has had little impact on the Company's results of operations and is not expected to have a significant impact on continuing operations.

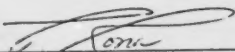
PART II - OTHER INFORMATION

NONE.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf of the undersigned thereunto duly authorized.

Dated: April 10, 1992

By: 

Peter Rona,
President & Principal
Financial Officer